



# U.S. TRADE IN PERSPECTIVE

U.S. Department of Commerce, International Trade Administration, Trade Development September 2001



## U. S. Exports and Imports Decline in July; Trade Deficit Improves Slightly

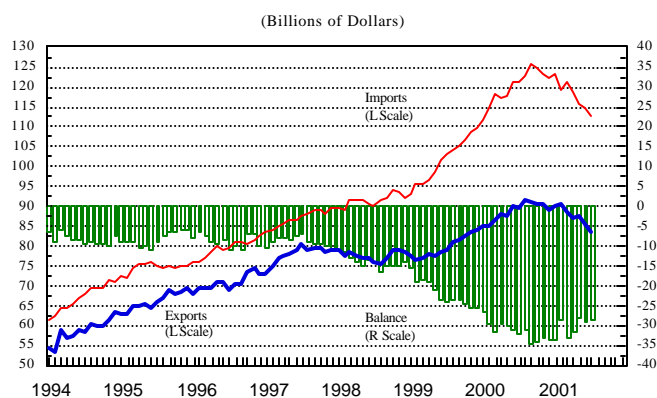
**Recent Developments:** *U.S. exports of goods and services declined \$2.2 billion to \$83.7 billion in July 2001 and imports fell \$2.4 billion to \$112.6 billion. The trade deficit was \$28.8 billion, \$0.2 billion less than June's revised data.*

**Trade Performance:** Year-to-date, exports were up 0.1 percent, while imports were up 0.4 percent. The goods and services deficit was \$364.5 billion (annual rate), compared with a deficit of \$360.2 billion in the same period in 2000.

In July, U.S. exports of goods decreased \$2.0 billion to \$58.8 billion.

The June to July change reflected declines in exports of capital goods such as automotive vehicles, parts, and engines; generators; telecommunications equipment; computers; civilian aircraft; electric apparatus; and measuring, testing, and control instruments. Decreases were also reflected in industrial supplies and materials, namely in non-monetary gold. Merchandise imports declined \$2.2 billion to \$94.2 billion, reflecting decreases in capital goods. Some of these goods were semiconductors; automotive vehicles, parts, and engines; computer accessories; and electric apparatus. Decreases also occurred in industrial supplies and materials such as petroleum products, fuel oil, other precious metals, and crude oil. Consumer goods such as diamonds, TV's, VCR's, and apparel posted declines. The trade surplus in services was \$6.6 billion in July, up from June.

### U.S. INTERNATIONAL TRADE



In the second quarter of 2001, the U.S. trade deficit was 3.5 percent of the gross domestic product (GDP). Last year, the trade deficit was 3.8 percent of GDP, and in 1999, it was 2.8 percent.

#### July Highlights:

- The July deficit with Western Europe (\$8.6 billion) was a record.
- The July deficit with China (\$7.5 billion) and imports from China (\$9.0 billion) were both the highest since November 2000.
- July exports to Western Europe (\$12.3 billion) were the lowest since July 1999.
- July exports to Japan (\$4.32 billion) were the lowest since May 1999.

## **U.S. Trade in High Tech Products**

U.S. trade in high tech merchandise (computer hardware and peripherals, communications equipment, and semiconductors and other electronic components) has been a very volatile element in overall trade. U.S. exports of high tech products gained nearly 24 percent in 2000, but declined 7 percent in the first seven months of 2001 as compared with the same period a year earlier. By contrast, total merchandise exports rose 13 percent in 2000 and was essentially the same as a year ago in the first seven months of 2001. Imports of high tech merchandise rose 24 percent in 2000, but declined 13 percent in 2001, while total (non energy) imports were up 14 percent in 2000, but down 2 percent in 2001. Both exports and imports increased more than total trade in 2000 and declined more in 2001.

### **U.S. High Tech Trade** (Billions of Dollars)

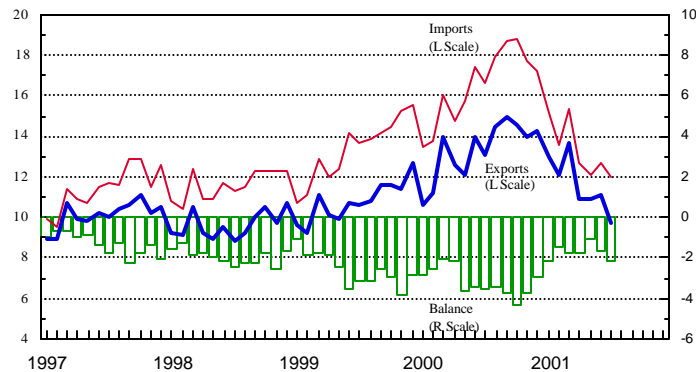
	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>Year to Date*</u>		<u>Percent</u>
					<u>2000</u>	<u>2001</u>	<u>Change</u>
Exports	121.3	115.7	129.2	159.8	150.2	139.5	-7.1
Imports	137.2	139.0	160.1	198.1	184.8	160.1	-13.3
Balance	-15.9	-23.3	-30.9	-38.3	-34.6	-20.6	

\*Year to date are at annual rates

In the first seven months of 2001, the trade deficit for both goods and services totaled \$364 billion (annual rate), while in the same period of last year the deficit was \$360 billion—a bit smaller. On the other hand, the trade deficit in high tech in early 2001 was only \$20.6 billion (annual rate) compared with \$34.6 billion last year. The declines in imports outweighed the declines in exports. Relative to the peak levels in September/ October of last year, both exports and imports have declined about 35 percent.

### **HIGH TECH TRADE**

(Monthly, Billions of Dollars)



**Major Markets** - On a regional basis, the major markets for U.S. exports of these high tech products in 2000 were Asia (\$52.9 billion and 33 percent of the total) and NAFTA. Canada (\$23.0 billion) and Mexico (\$22.8 billion) are the top countries of destination. Six of the top ten markets are located in Asia (Japan, Korea, Taiwan, Singapore, Malaysia, and Hong Kong), and two in Europe (United Kingdom and the Netherlands).

### Major Markets for High Tech Products

Calendar Year 2000

(Billions of Dollars)

	Computer Equipment	Communications Equipment	Semiconductors	Regional Totals
Asia	14.1	4.5	34.3	52.9
NAFTA	13.3	6.4	26.0	45.7
EU	17.0	4.9	11.3	33.2

The concentration of markets are not the same for each sub-category. For example, the major market for U.S. exports of computer equipment is the European Union, but even so the export levels by area are broadly similar, as they are for communications equipment. For semiconductors, however, the dominant market is Asia.

**Major Suppliers** - The major supplier of high tech products to the United States is Asia with nearly a 70 percent share of total imports and NAFTA with nearly 20 percent. Japan (\$32.1 billion) and Mexico (\$22.4 billion) are the top two suppliers to the United States. Eight of our top ten suppliers are located in Asia (Japan, Taiwan, Korea, China, Malaysia, Singapore, the Philippines, and Thailand).

### Major Suppliers for High Tech Products

Calendar Year 2000

(Billions of Dollars)

	Computer Equipment	Communications Equipment	Semiconductors	Regional Totals
Asia	54.0	13.1	70.1	137.2
NAFTA	8.5	14.2	16.2	38.9
EU	4.1	2.7	7.9	14.7

**Changes in trade in 2001**--In the first seven months of 2001, the markets with the largest export declines in high tech products were Korea (-38.7 percent), France (-19.0 percent), Taiwan (-18.3 percent), Malaysia (-17.8 percent), Canada (-10.1 percent), and Japan (-10.0 percent). During this same period, U.S. imports of high tech products that registered the largest declines were Japan (-26.2 percent), Canada (-24.6 percent), Korea (-23.1 percent), the Philippines (-18.4 percent), Singapore (-16.3 percent), Taiwan (-14.6 percent), and Thailand (-14.1 percent).